

MEMORANDUM

TO: Honorable Mayor and Councilmembers

THRU: Henry Holling, Interim City Manager

FROM: Randall Ray, Corporation Counsel
James R. Scroggins, Finance Director/Comptroller

DATE: July 31, 2009

SUBJECT: **SALES TAX COLLECTION ERRORS**

The Illinois Department of Revenue is charged with collection and enforcement of the City Sales Tax and the Business District Development Tax. Attached is the Informational Bulletin which the Illinois Department of Revenue issued in May of 2009. (Attachment A) If a party read the entire memorandum, they would have been able to tell whether they were subject to the Business District Development Tax or not. Unfortunately, some business, particularly national chains where the work was done outside of Peoria, mistakenly imposed the Business District Development Tax even though their Peoria stores were not in the Business District.

As you are aware, the proper tax rate, State and Local Sales Taxes combined for the City of Peoria is 8%, with the exception with the small, newly created Business District, where the tax rate is 9%. The City Finance Department has been answering questions regarding this issue and those questions have understandably increased in the last 48 hours.

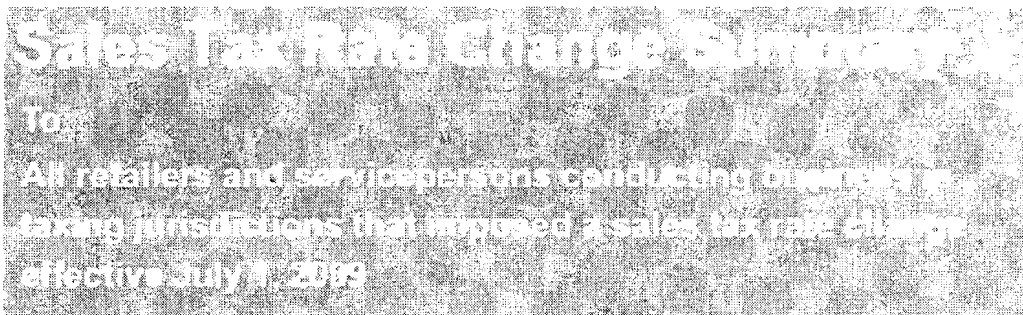
The businesses that we have received notice of charging the wrong rate have been notified. We have addressed the problem and the customer may return to the store for a refund. If the customer does not want a refund, the funds will be forwarded to the Illinois Department of Revenue. Attached is a list of business which we have received calls that they charged the wrong rate. (Attachment B)



Illinois Department of Revenue

Informational Bulletin

Brian Hamer
Director of Revenue



For information . . .

Visit our Web site —
tax.illinois.gov

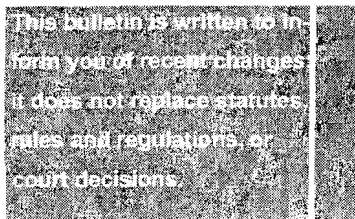
Call us —
1 800 732-8866 or
1 217 782-3336
1 800 544-5304 (TDD only)

Write us —
Illinois Department of Revenue
PO Box 19044
Springfield IL 62794-9044

For forms . . .

Visit our Web site —
tax.illinois.gov

Call our Forms Order Line —
1 800 356-6302



Effective **July 1, 2009**, certain taxing jurisdictions have imposed a local sales tax or changed their local sales tax rate on general merchandise sales. The following taxes are affected:

- home rule sales tax;
- non-home rule sales tax;
- county school facility sales tax; and
- business district sales tax.

These local sales taxes are referred to in this bulletin as "locally imposed sales tax."

The new combined sales tax rate (*i.e.*, state and local sales taxes) will be pre-printed on Line 4a of Forms ST-1, Sales and Use Tax Return, or ST-2, Multiple Site Form. You must adjust your cash register and any computer program so that beginning on July 1, 2009, you will collect and pay the correct sales tax. You need to contact your software vendor if you use software to create your forms.

What is taxed?

The same items of general merchandise reported on Line 4a of Forms ST-1 and ST-2 that are subject to state sales tax are also subject to the locally imposed sales tax.

Locally imposed sales tax does **not** apply to

- sales of qualifying food, drugs, and medical appliances¹ that are reported on Line 5a of Forms ST-1 and ST-2; or,
- items that must be titled or registered by an agency of Illinois state

government and reported on Form ST-556, Sales Tax Transaction Return.

Note: Some jurisdictions may impose and administer taxes **not** collected by the Illinois Department of Revenue. Contact your municipal or county clerk's office for more information.

How do I report an earlier sale that was subject to a different tax rate?

If a sale was subject to a sales tax rate different from the current sales tax rate, report this sale on Line 8a.²

Note: Line 8a is used only to report sales subject to a different sales tax rate. No other use of Line 8a is permitted.

Where can I find tax rate changes or combined sales tax rates?

Page 2 of this bulletin outlines the sales tax rate for each jurisdiction that imposed a change in local sales tax rates which become effective July 1, 2009. For a complete list of all sales tax rates, see the **Tax Rate Finder** on our Web site at tax.illinois.gov.

How do I know if my sales are subject to a business district sales tax?

Your business address determines whether business district sales tax applies to your sales. Refer to our **Tax Rate Finder** on our Web site at tax.illinois.gov for a list of addresses.

To verify a tax rate or business district address, select **July 2009** on the **Tax Rate Finder**.

¹ 86 Ill. Adm. Code 130.310

² 86 Ill. Adm. Code 130.101 (a)



Sales Tax Rate Changes for Sales of General Merchandise					
Jurisdiction		Combined rate as of June 30, 2009	Rate Change	NEW Combined rate as of July 1, 2009	Type of Local Tax
Municipalities					
Alton (Madison County)					
Inside Alton Square Business District		8.35%	+0.50%	8.85%	Home Rule
Outside Business District		7.35%	+0.50%	7.85%	Home Rule
Bannockburn (Lake County)		7.00%	+0.50%	7.50%	Home Rule
Collinsville (Madison County)					
Inside Northeast Business District		8.10%	+1.00%	9.10%	Business District
Countryside (Cook County)		9.25%	+0.50%	9.75%	Home Rule
Glen Ellyn (DuPage County)		7.25%	+1.00%	8.25%	Home Rule
Glendale Heights (DuPage County)		8.00%	+0.25%	8.25%	Home Rule
Homer Glen (Will County)		7.00%	+1.00%	8.00%	Home Rule
Litchfield (Montgomery County)		6.75%	+0.50%	7.25%	Non-Home Rule
Loves Park (Winnebago County)					
Inside Meadow Mart Business District		7.25%	+1.00%	8.25%	Business District
New Lenox (Will County)		7.00%	+1.00%	8.00%	Home Rule
Orland Hills (Cook County)		9.00%	+0.75%	9.75%	Non-Home Rule
Peoria (Peoria County)					
<u>Inside Hospitality Improvement Zone</u> <u>Business District</u>		8.00%	+1.00%	9.00%	Business District
Stanford (McLean County)					
Inside Village of Stanford Business District		6.25%	+1.00%	7.25%	Business District
Counties³					
Cass County		6.25%	+1.00%	7.25%	County School

³ This tax is imposed county-wide, in both the incorporated and unincorporated areas of the county.



Illinois Tax Rate Finder

Business Districts

Local Government	PEORIA
County	PEORIA
Location Code	072 0001 3
Liability Period	07 2009

District	General Merchandise	Addresses
<input checked="" type="checkbox"/> HOSPITALITY IMPROVEMENT ZONE BUSINESS DISTRICT	9.000%	address list ←
<input checked="" type="checkbox"/> OUTSIDE ABOVE DISTRICT(S)	8.000%	N/A

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Illinois Tax Rate Finder

Business Districts

Local Government	PEORIA
County	PEORIA
Location Code	072 0001 3
Liability Period	07 2009

District	General Merchandise	Addresses
<input type="checkbox"/> HOSPITALITY IMPROVEMENT ZONE BUSINESS DISTRICT	9.000%	<u>address list</u> ←
Rate consists of the following:		
State Rate	6.250%	
Business District	1.000%	
County Public Safety	0.250%	
Home Rule	1.500%	
<input type="checkbox"/> OUTSIDE ABOVE DISTRICT(S)	8.000%	N/A
Rate consists of the following:		
State Rate	6.250%	
County Public Safety	0.250%	
Home Rule	1.500%	

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**Illinois Tax Rate Finder****Business District Addresses**

Local Government	PEORIA
County	PEORIA
Location Code	072 0001 3
Liability Period	07 2009
District	HOSPITALITY IMPROVEMENT ZONE BUSINESS DISTRICT
General Merchandise Rate	9.000%

Enter a street name. Click the "Search" button to view a list of addresses within the business district.

Search**Reset**[Previous](#)[Next](#)**Addresses**

702 FULTON CT
720 FULTON CT
414 HAMILTON BLVD
416 HAMILTON BLVD
500 HAMILTON BLVD
501 HAMILTON BLVD
501 MAIN ST
519 MAIN ST
529 MAIN ST
531 MAIN ST
533 MAIN ST
539 MAIN ST
611 MAIN ST
617 MAIN ST
627 MAIN ST
629 MAIN ST
631 MAIN ST
633 MAIN ST
709 MAIN ST
727 MAIN ST
514 N MAIN ST
516 N MAIN ST
706 N WILLIAM KUMPF BLVD
814 N WILLIAM KUMPF BLVD
225 NE ADAMS ST

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Illinois Tax Rate Finder

Business District Addresses

Local Government	PEORIA
County	PEORIA
Location Code	072 0001 3
Liability Period	07 2009
District	HOSPITALIY IMPROVEMENT ZONE BUSINESS DISTRICT
General Merchandise Rate	9.000%

Enter a street name. Click the "Search" button to view a list of addresses within the business district.

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Addresses

203 NE JEFFERSON AVE
217 NE JEFFERSON AVE
227 NE JEFFERSON AVE
228 NE JEFFERSON AVE
229 NE JEFFERSON AVE
117 NE MADISON AVE
200 NE MADISON AVE
202 NE MADISON AVE
206 NE MADISON AVE
222 NE MADISON AVE
234 NE MADISON AVE
222 NE MONROE ST
237 NE MONROE ST
201 SW JEFFERSON AVE
222 SW JEFFERSON AVE
109 SW MONROE ST
125 SW MONROE ST
128 SW MONROE ST
129 SW MONROE ST
135 SW MONROE ST
719 W MAIN ST

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Calls received re: Incorrect Tax Rate

Abercrombie & Fitch	Mgr on duty		Charged 9% for a short time, has since changed
Barnes & Noble	Deb, Mgr	693-9408	Notified home office 2 days ago, hope to have changed today
Bed, bath & beyond	Corp		Notified 7/9/09. Has since changed
Best Buy	Corp	1-888-Bestbuy	Notified 7/9/09. Has since changed
Children's Place	Kelly, Mgr	685-7317	Is charging 9%. Mgr will change immediately
Circle K	Corp		Notified 7/9/09. Has since changed
Cub Foods	Mgr on duty	689-0140	Charged 9% for short time, has since changed
Journey's	Corp		Charged 9% for a short time, has since changed
Macy's	Jeanie Ford	682-2600 x4901	Never charged incorrect rate, caller is wrong
Mary Kay	Ltr to corp		Is charging 9%, sent letter to corporate
Maurice's	Diane, Mgr	685-5750	Charged 9% 1st week of July, has since changed
McDonald's - Main			Are charging correct rate of 10%
PetsMart	Bill Weber	691-9144	Charged 9% 1st week of July, has since changed
UFS	Tom	673-4503	Never charged incorrect rate, caller is wrong
Walgreens	Corp		Notified 7/9/09. Has since changed
Wal-Mart Allen	visual		Never charged incorrect rate, caller is wrong
Wal-Mart University	Lisa, Mgr	682-0055	Never charged incorrect rate, caller is wrong
Zales	Connie, Mgr	681-8997	Is charging 9%. Mgr will contact corporate to change